

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 878)

POSSIBLE MAJOR TRANSACTION DISPOSAL OF PROPERTIES

The Board announces that on 19 March 2008, the Intended Vendor entered into the non-binding Memorandum with the Intended Purchaser for the sale and purchase of the Properties. The aggregate consideration for the Possible Disposal of the Properties is HK\$470,000,000 payable by cash.

The intended transaction contemplated under the Memorandum, when consummated, constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. **Shareholders and potential investors are advised to exercise caution in dealing in the Shares as the Memorandum is non-binding in nature and the Possible Disposal may or may not proceed, and subject to fulfillment and/or waiver of certain conditions precedent set out below. The Board will make further announcement(s) regarding the Possible Disposal as and when appropriate.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

MEMORANDUM OF UNDERSTANDING FOR SALE AND PURCHASE OF PROPERTIES DATED 19 MARCH 2008

Intended Vendor : Morich Properties Limited

Intended Purchaser : Elite Win Investments Limited

Summary

: The non-binding Memorandum was entered into between the Intended Purchaser and the Intended Vendor pursuant to which the Intended Vendor has agreed to sell and the Intended Purchaser has agreed to purchase the Properties. The aggregate consideration for the Possible Disposal of the Properties is proposed to be HK\$470,000,000 payable by cash, which shall be allocated as follows:

- (i) HK\$449,000,000 for the Morich Properties of which HK\$77,000,000 shall be the consideration in respect of the Nos. 1 & 3 Jones Street, Hong Kong units;
- (ii) HK\$14,000,000 for the LA Properties;
- (iii) HK\$7,000,000 for the CS Property.

In respect of the Morich Properties, it is proposed that the initial deposit and part payment being HK\$22,450,000 shall be paid into an escrow account held jointly by the Joint Escrow Agent at a bank determined by the Intended Purchaser and to be held as an escrow fund on 1 April 2008.

A further deposit and part payment being HK\$112,250,000 shall be paid into an escrow account held jointly by the Joint Escrow Agent at a bank determined by the Intended Purchaser and to be held as an escrow fund on the signing of the sale and purchase agreement(s) for the Morich Properties. The remaining consideration for the purchase of the Morich Properties being HK\$314,300,000 shall be paid to the Intended Vendor on Completion.

The escrow funds in respect of the initial deposit and further deposits mentioned above shall be released to the Intended Vendor as part of the relevant purchase price for the Morich Properties upon Completion, and the interest accrued thereon shall also be released to the Intended Vendor upon Completion for its own account.

In respect of the LA Properties, HK\$4,200,000 as further deposit to be paid by the Intended Purchaser on the signing of the sale and purchase agreement(s) for the LA Properties. HK\$9,800,000 being the balance of the consideration for the sale and purchase of the LA Properties to be paid by the Intended Purchaser to the Intended Vendor on Completion.

In respect of the CS Property, HK\$7,000,000 being the consideration for the sale and purchase of the CS Property is to be paid by the Intended Purchaser to the Intended Vendor on Completion.

Following the execution of the Memorandum, the Intended Vendor shall instruct its solicitors to prepare for review by the Intended Purchaser's solicitor the final forms of the relevant Agreements in relation to the Properties.

To the best knowledge of the Directors and having made all reasonable enquiries, the Intended Purchaser and the ultimate beneficial owner of the Intended Purchaser are not connected persons (as defined in the Listing Rules) of the Company and are independent from and not connected with the Company and its connected persons (as defined in the Listing Rules).

CONDITIONS PRECEDENT

In respect of the transaction for the Morich Properties, it is conditional upon (i) the Intended Purchaser obtaining its final investment committee's approval for the sale and purchase of the Properties; (ii) the Intended Purchaser confirming that it is satisfied with the due diligence on the documents and information in relation to the Morich Properties as stated in the section headed "Due Diligence and Title Checking" below; and (iii) the Intended Purchaser (or its solicitors) is satisfied with the title of the Morich Properties as stated in the section headed "Due Diligence and Title Checking" below. In the event that any of the conditions precedent is not satisfied on or before 22 April 2008, the Memorandum (involving for avoidance of doubt, all of the Morich Properties, LA Properties and CS Property) shall lapse and be of no further effect. The escrow fund held will be unconditionally returned to the Intended Purchaser within (subject to any fixed term deposit having matured) 2 working days (excluding Saturdays) together with interest accrued thereon (but without costs or compensation).

In respect of the transaction for the LA Properties, it is conditional upon (i) the conditions precedent for the transaction of the Morich Properties being satisfied on or before 22 April 2008; and (ii) the Intended Purchaser (or its solicitors) being satisfied with the letters of administration of the existing deceased registered owners of the LA Properties having been granted and the Intended Vendor has become the registered and beneficial owner of the LA Properties by virtue of validly executed assignments of the LA Properties on or before 5:00 P.M. on 4 July 2008 (which may be changed to 5:00 P.M. on 30 September 2008 by the Intended Vendor giving notice in writing to the Intended Purchaser upon proof satisfactory to the Intended Purchaser (or its solicitors) that the intended administrator for Unit A on the 3rd Floor of Nos. 5, 5A, 7 and 7A Warren Street has agreed to change the time for her to withdraw from an agreement for sale and purchase dated 13 September 2007 made with the Intended Vendor to 30 September 2008). In the event that any of the conditions precedent is not satisfied, the Memorandum (involving for avoidance of doubt, all of the Morich Properties, LA Properties and CS Property) shall lapse and be of no further effect. The escrow fund held will be unconditionally returned to the Intended Purchaser within (subject to any fixed term deposit having matured) 2 working days (excluding Saturdays) together with interest accrued thereon (but without costs or compensation).

In respect of the transaction for the CS Property, it is conditional upon (i) the conditions precedent for the transaction of the LA Properties being satisfied; and (ii) the essential conditions as stated below under the section headed "Essential Condition" being satisfied. In the event that the condition precedent (i) is not satisfied, the Memorandum (involving for avoidance of doubt, all of the Morich Properties, LA Properties and CS Property) shall lapse and be of no further effect, and the escrow fund held will be unconditionally returned to the Intended Purchaser within (subject to any fixed term deposit having matured) 2 working days (excluding Saturdays) together with interest accrued thereon (but without costs or compensation). In respect of the details of condition precedent (ii), please refer to the section headed "Essential Condition" below.

DUE DILIGENCE AND TITLE CHECKING

It is proposed that the Intended Purchaser shall be entitled to carry out a due diligence exercise in relation to the Properties immediately after signing of the Memorandum. The Intended Purchaser shall on or before 22 April 2008 confirm in writing to the Intended Vendor whether it is satisfied with its due diligence in relation to the Properties.

Furthermore, the Intended Purchaser shall confirm in writing to the Intended Vendor no later than 22 April 2008 that the Intended Purchaser is satisfied with the title of the Morich Properties.

ESSENTIAL CONDITION

Completion is subject to and essentially conditional upon all of the following:—

- (i) the simultaneous completion of the sale and purchase under the sale and purchase agreement(s) for the Morich Properties, the sale and purchase agreement(s) for the LA properties, and the completion of the acquisition of the CS Property;
- (ii) the Intended Purchaser being satisfied, in respect of the CS Property:
 - (a) the Intended Vendor obtaining (entirely at its own cost and solely upon its own application) a compulsory sale order under Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545);
 - (b) the Intended Vendor successfully bidding and acquiring title to all of the property interests in Nos. 1 & 3 Jones Street, Hong Kong (including the CS Property);
 - (c) the title of the executor holding under a probate of the deceased owner and the possessory interest or title of the alleged squatter have all been extinguished, and documentary evidence satisfactory to the Intended Purchaser having been shown to the Intended Purchaser that either the squatter has been compelled by law or he shall have agreed in writing to relinquish all possessory interest or title (if any) in respect of the CS Property;
 - (d) the compulsory sale order is upon terms which does not prevent the Intended Purchaser (or its nominee) to complete its intended redevelopment of the Morich Properties, LA Properties and CS Property as a whole; and
 - (e) the Intended Vendor being able to give and prove title to the CS Property in accordance with s. 13 of the Conveyancing and Property Ordinance (Cap. 219) and being in a position to assign title to the CS Property and all the other property interests in the building of Nos. 1 & 3 Jones Street, Hong Kong to the Intended Purchaser.

In the event that any of the essential conditions as stated in (ii) above shall not be complied with to the satisfaction of the Intended Purchaser (or its solicitors) by 5:00 P.M. on 28 February 2009 (which may be extended at the request of the Intended Vendor to 5:00 P.M. on 30 June 2009), the Intended Purchaser shall have the option by giving the Intended Vendor a notice in writing not earlier than 7 working days (excluding Saturdays) before Completion (i) to annul the Memorandum, the sale and

purchase agreement(s) for the Morich Properties and the LA Properties at its absolute discretion, and all deposits and all monies paid by the Intended Purchaser shall (subject to any fixed term deposit having matured) be returned by the Joint Escrow Agent to the Intended Purchaser on the date scheduled for Completion together with interest accrued thereon (but without costs or compensation); (ii) to extend the scheduled date for Completion by not more than 6 months; or (iii) to proceed and complete (a) only the purchase of the Morich Properties (other than that relating to the No. 1 & 3 Jones Street units) and the LA Properties; or (b) the purchase all of the Morich Properties (including that related to the Nos. 1 & 3 Jones Street units) and the LA Properties.

EXCLUSIVE PERIOD

The exclusive period is a period commencing from the date of the Memorandum and until 5:00 P.M. on 22 April 2008. Such period may be extended or terminated prior to its expiry by mutual written agreement of the parties. During the exclusive period, the Intended Vendor and its affiliates and its shareholders will not enter into any legally binding document with respect to the sale of the Properties or company holding the Properties which is in competitive with the transaction contemplated by the Memorandum.

COMPLETION

Completion shall take place on or 5:00 P.M. on before 28 February 2009 or at or before 5:00 P.M. of any earlier date subject to not less than 20 working days (excluding Saturdays) prior written notice given to the Intended Purchaser, provided that the Intended Vendor may serve not less than 14 working days (excluding Saturdays) prior written notice to the Intended Purchaser before 28 February 2009 to extend the scheduled date for Completion to a date no later than 5:00 P.M. on 30 June 2009, by reason only of the essential condition (ii) not being complied with.

LEGAL EFFECT

Except for the exclusivity and the confidentiality, the provisions of the Memorandum are intended to be non-binding on the parties.

REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE PROPERTIES

The Properties are located in Tai Hang, Hong Kong and were acquired by the Group during the period in 2007. At the time the Properties were acquired by the Intended Vendor, the Properties were held by the Intended Vendor as investment properties for rental purpose. The registered site area of the Properties is approximately 6,677 square feet.

The carrying value of the Properties was HK\$265,441,000 as shown in the management account of the Company as at 29 February 2008.

In light of the substantial gain expected to be generated from the Possible Disposal, the Directors consider that it is an opportunity for the Group to realize its investments in the property market. The Group purchased the Properties at a cost of HK\$265,441,000 in aggregate.

Based on such acquisition costs, the expected net gain accrued to the Group upon completion of the Possible Disposal will approximately be HK\$200,059,000 after taking into account selling and other expenses payable by the Group in relation to the Possible Disposal of approximately HK\$4,500,000. The Group intends to use the sale proceeds from the Disposal as to approximately HK\$160,000,000 for repayment of the mortgages on the Properties and the balance for general working capital of the Group.

The unaudited gross rental income attributable to part of the Properties with tenancies is approximately HK\$24,600 for the year ended 31 December 2007. The unaudited net rental income attributable to part of the Properties with tenancies is approximately HK\$22,200 for the year ended 31 December 2007.

The Directors confirm that the consideration for the Properties has been determined after arm's length negotiations between the parties by reference to the market value of similar properties in the same location. The valuation of the Properties by CB Richard Ellis Limited, an independent professional valuer with valuation date as at 17 March 2008 was approximately HK\$414,000,000 with reference to the comparable market price. The consideration of the Possible Disposal is at 13.5% premium as compared to such value. The Directors considered that the Possible Disposal at such premium is a good opportunity for the Group to realize its investments.

The Directors are of the view that the Disposal is in the interest of the Company and the terms of the Memorandum and the consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, THE INTENDED VENDOR AND THE INTENDED PURCHASER

The Company

The Company is an investment holding company. The Group is principally engaged in property development, property leasing and provision of building management services in Hong Kong and infrastructure facilities in the PRC.

The Intended Vendor

The Intended Vendor carries on the business of property investment and is incorporated in Hong Kong with limited liabilities.

The Intended Purchaser

The Intended Purchaser carries on the business of property investment and is incorporated in Hong Kong with limited liabilities.

To the best knowledge of the Directors and having made all reasonable enquiries, the Intended Purchaser and the ultimate beneficial owner of the Intended Purchaser are not connected persons (as defined in the Listing Rules) of the Company and are independent from and not connected with the Company and its connected persons (as defined in the Listing Rules).

GENERAL

The Possible Disposal, if consummated, constitutes a major transaction of the Company under the Listing Rules and is therefore subject to Shareholders' approval under Rule 14.40 of the Listing Rules.

Shareholders and potential investors are advised to exercise caution in dealing in the Shares as the Memorandum is non-binding in nature and the Possible Disposal may or may not proceed, and subject to fulfillment and/or waiver of the above conditions precedent as set out above. The Board will make further announcement(s) regarding the Possible Disposal as and when appropriate.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreements” the sale and purchase agreements to be entered into between the Intended Vendor and the Intended Purchaser in relation to the sale and purchase of the Properties

“Board” the board of Directors

“Company” Soundwill Holdings Limited, a limited liability company incorporated in Bermuda, the Shares of which are listed on the Stock Exchange (stock code 878)

“Completion” completion of the sale and purchase of the Properties

“CS Property” 4/F, No.1 Jones Street, Hong Kong

“Director(s)” director(s) of the Company

“Group” the Company and its subsidiaries

“Hong Kong” the Hong Kong Special Administrative Region of the PRC

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“Intended Purchaser” Elite Win Investments Limited, a company incorporated in Hong Kong with limited liability

“Intended Vendor” Morich Properties Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned indirect subsidiary of the Company

“Joint Escrow Agent” the Intended Purchaser's solicitor and the Intended Vendor's solicitor

“LA Properties”	(i) 1/F, No.5 Jones Street, Hong Kong; and (ii) Flat A on 3/F, No.5, 5A, 7 & 7A Warren Street, Hong Kong
“Memorandum”	the memorandum of understanding entered into between the Intended Vendor and the Intended Purchaser on 19 March 2008
“Morich Properties”	Properties other than the LA Properties and the CS Property
“Possible Disposal”	the possible disposal of the Properties by the Intended Vendor to the Intended Purchaser pursuant to the Memorandum and the Agreements
“Properties”	all of the Nos. 1, 3, 5, 7, 9 and 11, Jones Street, Hong Kong and Nos. 3, 5, 5A, 7, 7A, 9 and 11 Warren Street, Hong Kong
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Soundwill Holdings Limited
Kwan Chai Ming
Executive Director

Hong Kong, 20 March 2008

As at the date of this announcement, the Board of Directors of the Company comprise (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Tse Chun Kong Thomas, Kwan Chai Ming; (ii) Non-Executive Directors: Liang Yanfeng, Meng Qinghui; and (iii) Independent Non-Executive Directors: Heng Kwo Seng, Kwan Kai Cheong and Ho Suk Yin.